
Wisconsin Department of Health Services

2010 BadgerCare Plus Standard and Benchmark Base Rate Development

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BadgerCare Plus Standard Rate Development

Standard Rate Development

Base Data

- Base period costs were developed using health plan encounter data for the incurred periods of CY 2006 & 2007, paid through August 2008.
- Base period enrollment was developed using CY 2006 & 2007 capitation payment records.
- Encounter records were priced at Medicaid FFS Allowed Cost.
- Data integrity tests were performed and data summaries shared with DHS and the health plans.
- As a result of the analyses performed last year, several HMOs resubmitted their data.

Standard Rate Development

Rate Adjustments

- A series of adjustments were made to the data.
- The following adjustments were used to develop the CY10 base rates.
 - Ventilator Enrollees (Vent)
 - Disproportionate Share Hospitals (DSH)
 - Institutions for Mental Diseases (IMD)
 - HealthCheck Screenings
 - Critical Access Hospitals (CAH)
 - Copays
 - Medicaid Medicare Initiative
 - Incurred But Not Reported Claims (IBNR)
 - Trend

Standard Rate Development

Rate Adjustments: Ventilator Enrollees

Ventilator Enrollees

- The costs associated with Vent recipients were removed from the baseline data because the payments for these services are made to HMOs by DHS outside of the capitation payments
- Ventilator patients are identified in the encounter data based on a report provided by DHS.
- Claims and eligible months for these enrollees are removed from the base data for any month in which a ventilator procedure code is present.

Standard Rate Development

Rate Adjustments: DSH & IMD

Disproportionate Share Hospitals (DSH) Adjustment

- DSH payments were added back to rates.
- Regional DSH payments were added back and redistributed based on Statewide percentage.
- Expressed as a region specific percentage of total expenditures.

IMD Adjustment

- IMD costs were excluded from the encounter base data.
- IMD encounter costs have been added on a PMPM basis to the rates to account for care paid by MCOs in IMD facilities for enrollees ages 22-64.

Standard Rate Development

Rate Adjustments: HealthCheck & CAH

HealthCheck Adjustment

- Adds back recoupments to fully fund 80% screening target.
- The recoupment data was adjusted to include cost of screening, outreach, and follow-up services.

Critical Access Hospital (CAH) Reimbursement

- Inpatient and Outpatient Hospital costs were adjusted to account for the lag in CAH reimbursement rate changes.
- CY2010 PMPM was adjusted to reflect a 10% reduction in CAH reimbursement .
- CAH expenditures were identified in the encounter data based on a list of hospitals provided by DHS.

Standard Rate Development

Rate Adjustments: Copay & Medicaid Medicare Initiative

Copay Adjustment

- The base encounter data does not reflect copays that will be a part of the BadgerCare Plus Standard Plan in 2009.
- An adjustment was made based on FFS copay levels because the Standard Plan utilizes the same cost sharing requirements as the FFS program.

Medicaid Medicare Initiative

- Rates for approximately 600 procedure codes will be reduced to 100% of Medicare rates.
- Savings were estimated using claim level data and applied at the rate cell level.

Standard Rate Development

Rate Adjustments: IBNR

Incurred But Not Reported Claims (IBNR)

- Claims incurred in calendar year 2006 are assumed to be 'complete'.
- The calendar year 2007 adjustment was based on claims incurred in CY 2007 and paid through August 2008.
- The adjustment was applied separately by service category.

Standard Rate Development

Rate Adjustments: Trend

Trend

- Trend refers to the annual projected increase in per capita costs.
- The trend rate projects the baseline per capita costs from the data period (calendar years 2006 and 2007) to the contract period (calendar year 2010)
- A number of elements were considered when establishing the trend rate, including:
 - Changes in cost per unit of service,
 - Changes in utilization,
 - Changes in FFS provider reimbursement, and
 - Other programmatic changes
- Historical experience was used as the basis for trend development, but other information was also considered

Standard Rate Development

Rate Adjustments: Trend

Trend (continued)

- Data period trend rates are used to project the CY06 claims experience to CY07. Actual claims experience decreases from CY06 to CY07, therefore we have assumed no increase.
- Contract period trend rates are used to project the CY06/07 base data period to the effective contract period, CY10. The multi-year trend factors to project the base data experience to the contract period are:
 - Inpatient 6.1%
 - Outpatient 6.1%
 - Professional 6.1%
- An adjustment was made to increase the base data reflecting non-institutional provider rate increase of 1%.

Standard Rate Development

Rate Adjustments: Administrative Allowance

Administrative Allowance

- An administrative allowance PMPM cost, based on the vendor's cost proposals, will be added to the base rate to determine the capitation payment for the Standard and Benchmark plans.

BadgerCare Plus Maternity Kick Payment

Maternity Kick Payment

Base Case Rate

- Base data consists of 2006 and 2007 encounter data.
- APS provided a list of deliveries incurred during CY07.
- Claims identified for all pregnancy related costs; including delivery, prenatal care, and postpartum care.
- A case rate was calculated by region as the sum of pregnancy related costs, divided by the number of cases.
- To calculate a CY10 kick payment, the following adjustments are applied:
 - IBNR (Completion) Factor
 - Increase of 1.0% for non-institutional providers
 - Medicaid Medicare Initiative
 - Critical Access Hospital Adjustment
 - Cesarean Sections Utilization Adjustment

Maternity Kick Payment

Base Case Rate and Adjustments

- The IBNR, Medicaid Medicare Initiative, and CAH adjustments have been applied in a consistent manner as the Standard Plan.
- Cesarean Sections Utilization Adjustment
 - First-time cesarean section deliveries were identified by region in the base data.
 - A c-section utilization adjustment is applied by region assuming that each region will manage to the statewide average of 19.5%.
 - The cost per case for cesarean and vaginal deliveries was calculated by region.
 - The cost difference between delivery type was applied to the difference between regional and statewide c-section utilization to develop a savings estimate.
 - No adjustment was applied to regions where c-section utilization was less than the statewide average.

BadgerCare Plus Benchmark Rate Development

Benchmark Rate Development

Base Case Rate and Adjustments

- CY 2006 & 2007 BCP Standard claim and eligibility data is used as the basis for benchmarking the rates for the BCP Benchmark population.
- Consistent with the rate setting process for the Standard population, a series of adjustments have been applied to the base data (CAH, DSH, etc.).
- The following policy-related adjustments applied to develop the CY10 rates have been applied consistently with the Standard Plan
 - Differences in benefit design
 - Expected differences in health status based on actuarial models and experience with other expansion programs
 - Potential selection effects related to premium requirements

Benchmark Rate Development

Base Case Rate and Adjustments

Cost sharing requirements:

- To account for the difference in plan design being offered to the expansion population, adjustments are made to the baseline experience.
- Both the Standard Plan and Benchmark Plan designs were priced using the BadgerCare Plus Financial Model, which contains actual Wisconsin Family Medicaid experience.
- The percentage change in State spend, when moving from the Standard Plan to the Benchmark Plan, was applied to the managed care experience.

Benchmark Rate Development

Base Case Rate and Adjustments

Self-employed persons, including farmers:

- Actuarial models show the estimated difference in cost for adult Farmers is 10% higher than for an individual with a 'standard' occupation.

Children and Adults in higher income families:

- The health status of the these cohorts is not expected to be materially different than those individuals currently enrolled in the program. Therefore no adjustment will be made to the baseline per capita costs.

Premium contribution requirements:

- The low level of premium requirements for the Benchmark Plan should minimize variation in participation based on health status; therefore no adjustment for selection effects is recommended.

Questions
